Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

ORIGINAL

311 E. Wilcox Dr. • Sierra Vista, AZ 85635

March 31, 2009

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: 2008 Annual Compliance Report by Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC); Docket No. E-01575A-07-0310.

Dear Sir or Madam:

Pursuant to the requirements of A.A.C. R14-2-1812.A, SSVEC submits our Annual Compliance Report for the calendar year 2008. An electronic copy of this report is also being transmitted to the Director of the Utilities division.

Sincerely,

JS Blair

J.S. Blair
Chief Member Services Officer
Sulphur Springs Valley Electric Cooperative, Inc.

JSB/rw
Enclosure

cc: Ernest Johnson, Utilities Director (emailed)
Ray Williamson, Utilities Division (emailed)
Brian Bozzo, Utilities Division (emailed)

Original and 13 copies filed with Docket Control this 31st day of March, 2009

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY STANDARD
AND TARIFF COMPLIANCE REPORT FOR 2008
R14-2-1812

INTRODUCTION

Pursuant to A.A.C. R14-2-1812, Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) submits our compliance report for calendar year 2008. This report relates to SSVEC's Amended and Restated EPS/REST Plan for 2007 and 2008 which was approved by the Commission in Decision No. 70701 dated January 20, 2009.

EXECUTIVE SUMMARY

The REST Plan uses surcharge dollars from SSVEC retail tariffs to support programs for developing renewable facilities, purchasing renewable energy and participation in large-scale renewable generation projects. Funds are also used for administration, advertising and educational activities.

This report covers activity for calendar year 2008. The REST plan for 2009 was approved by Decision No. 70701 dated January 20, 2009 pursuant to R14-2-1814. R14-2-1814.A provides that upon approval of SSVEC's REST Plan, its provisions substitute for the Annual Renewable Energy and Distributed Renewable Energy requirements of rules 1804 and 1805, respectively. SSVEC's current retail tariffs (as required under the REST Rules) were approved by the Commission at its Open Meeting on January 13, 2009.

2008 INSTALLATIONS AND ENERGY GENERATED

77 new PV distributed facilities were installed in SSVEC's service area. Of these new sites, 55 were located off-grid and 23 were located on-grid for a total installed capacity of 144 kW. Of these units, all 78 are distributed generation (67 residential and 11 commercial).

12 small wind systems were installed in SSVEC's service area for a total installed capacity of 27 kW.

A renewable boiler (biomass thermal) went into operation (using pecan shells) to offset the use of natural gas. In 2008 this replaced 54,781 therms of natural gas and is equivalent (when converted to kWh) of 732kW of PV systems.

These additions bring the total number of installations supported by SSVEC to 193 as of December 31, 2008. Our renewable portfolio includes 177 PV with a total installed capacity of 283kW, 15 Wind installs total for an installed capacity of 30 kW and 1 biomass boiler equal to 732kW. This gives us a total of 1,045kW of renewable energy. There will be 984kW of utility owned PV going into operation in 2009 (PV for Schools project).

R14-2-1812 INFORMATION

Pursuant to R14-2-1812.B, SSVEC supplies the following information:

1. The estimated kWh of energy obtained from Eligible Renewable Energy Resources in 2008 was 2,048,868 kWh. SSVEC does not track the actual metered output of their distributed generation ("DG") resources.

2. The estimated kWh of energy obtained from Eligible Renewable Energy Resources normalized to reflect a full year's production is 2,290,352 kWh.

3. The kW of generation capacity, disaggregated by technology type is 177 kW for all PV installations, 27 kW for all small wind installations and 732kW for biomass (thermal).

4. Cost information* in cents per kWh for the energy obtained from Eligible Renewable Energy Resources is $0.085 per kWh for energy generated from PV, $0.085 for energy generated from wind and $0.003 per kWh for Biomass (Thermal). Cost information in cents per kW of generation capacity disaggregated by technology type is $3,730 for each kW of installed PV, $3,730 for each kW of installed wind and $133 for each kWh of Biomass (thermal).

5. The Renewable Energy Credits used to satisfy the Annual Renewable Energy Requirement are 687,827,489. The Renewable Energy Credits used to satisfy the Distributed Renewable Energy Requirement are 687,827,489 kWh.

6. The SSVEC RES Tariff Budget Summary is as follows:

	Income	Expense
January 1 balance (carried from 2007)	$1,209,296	
RES Collections	$1,400,277	
RES Loan Repayment	$ 953	
RES Program Expenses		$ 200,708
CREBs Repayment (PV for Schools project)		$ 726,873
RES Rebates Residential		$ 612,522
RES Rebates Commercial		$ 28,488
End of Year Balance (carried to 2009)	$1,041,935	

* cost per kWh was assuming a 20 year service life of the PV system and the equivalent of six hours of full rated capacity per day (on average). For this report wind and solar were not completely segregated and wind was calculated like PV. Future reports will separate the two technologies. Costs for Biomass (thermal) based on the maximum performance based rebate of 60% of installed cost.